

Instructions for FY 2001 Bureau Budget Submissions

These instructions provide a brief description and explanation of the required materials. Where noted, formats or examples for each exhibit follow Attachment 1. These instructions should be inserted under Appendix Tab 5 in the Treasury Budget Manual. Supplemental instructions should also be included under Appendix Tab 5.

Relationship of the Budget to the Government Performance and Results Act (the “Results Act”) and Strategic Planning Process

Management appreciates the effort expended in incorporating your bureau’s strategic plan and performance measures with the FY 2000 Congressional budget submission. Your bureau’s **strategic plans** will continue to be the context for Treasury deliberations on FY 2001 performance budget requests. The strategic plan should lay out the intended long term goals of the bureau’s programs and the broad strategies to achieve these goals. You should be able to present performance measure data that will allow actual achievement to be measured against these goals. Your annual budget should be built to implement the long term strategies outlined in the strategic plan. Similarly, your annual performance plans and reports, which are incorporated in the budget document Treasury submits to OMB and the Congress, should be designed to track progress in achieving long term goals. Consequently, the use of performance outputs and outcomes is expected to figure prominently in this evaluation. We are seeking an explicit description of how any proposed resource changes (other than adjustments for current services) are essential to the implementation of the bureau’s strategic plan. **Your FY 2001 budget request must be explicitly linked to your strategic plan.**

The instructions also seek a focused review of base resources in general, to determine whether reallocations in FY 2001 might achieve more desirable, results-oriented outcomes in support of your bureau’s strategic objectives. During past budget cycles, some bureaus adjusted their Activities to correlate better with their strategic plans. For those who did not, Fiscal Year 2001 represents an opportunity to **review your budget activity structure** in terms of best aligning performance with resources. In communications with the Appropriations Subcommittee staff, there was support for the idea of revising budget activities for this purpose while maintaining stability. Management recommends that you review your Budget Activities to support your strategic plans, your business lines, and the way you actually want to manage your resources. However, while recognizing that an Activity structure change may be needed, please balance this need with our Appropriations Subcommittee concerns about stability in performance measures and Budget Activities.

Note that the **Office of the Comptroller of the Currency** and **Office of Thrift Supervision** will submit their preliminary annual performance plans for CY 2000 with their OMB submission by September 7, 1999. Their Final Performance Plan, with actuals for PY 1999 and performance goals for CY 2000, will be submitted by December 31, 1999.

Relationship of the Budget to Requirements of the Clinger-Cohen Act (Information Technology Management Reform Act) and Requirements of OMB's Capital Programming Guide

Based on recommendations from the Task Force on Reinventing the Treasury Budget Formulation Process, the Department piloted a new capital planning process during the FY 2000 Departmental budget process. For the FY 2001 budget formulation process, the goal is to begin to implement the capital planning process throughout Treasury. The principal changes to the capital planning process are the following:

- ! A Treasury Investment Review Board (TIRB) that evaluates **IT** (information technology) and **non-IT** proposed capital investments,
- ! A business case as the mechanism for evaluation of a proposed capital investment; and
- ! TIRB and/or bureau investment review board endorsement (or at least active deliberation) of capital investments as a pre-requisite for a project to be considered in the budget process.

TIRB and/or bureau IRB endorsement does not necessarily ensure funding in a given fiscal year. Resource restrictions and competition with critical needs for operating funds may result in funding delays in projects endorsed by the TIRB and/or bureau IRB.

For the FY 2001 bureau Executive Budget submission, all proposed capital investments must be in the process of review by the TIRB or bureau IRB, and all proposed capital investments must have supporting documentation. The Department has developed a **draft** standard business case template to be used for projects being evaluated by the TIRB. (See attached.) The TIRB will review this proposed template at their first meeting this Spring. For the FY 2001 Departmental budget process, the Department does not require that supporting documents for capital investments conform to the template. However, the Department encourages Bureaus to begin using this template as they develop future projects for evaluation by the TIRB or bureau IRBs. The Department requires that all capital investments proposed in the FY 2001 OMB submission be endorsed by the TIRB or bureau IRB.

Relationship of the Budget to the Office of National Drug Control Policy (ONDCP) Drug Budgets

Policy guidance from Office of National Drug Control Policy (ONDCP) will be transmitted under separate cover. Bureaus with drug control programs (Customs, IRS, ATF, FinCEN, FLETC, USSS, and TFF) should comply with FY 2001 budget instructions to be forwarded by the ONDCP. **Copies of these submissions should be sent to the Office of Budget concurrently with their submission to ONDCP.**

Chronology of Events

To the extent we continue to improve upon the budget and planning process within Treasury and submit our budgets on time to OMB during the second week of September, we also increase the opportunities to communicate our message. For Bureau budgets to be submitted to OMB by the second week of September, it is essential that **all Bureau budget requests be submitted to the**

Department no later than Friday, April 30th. This earlier submission date can be accommodated if bureaus significantly reduce the verbiage and clearance requirements of individual program initiatives, and instead focus on broader strategic policy and performance statements related to the request. This will significantly improve the likelihood that Treasury's internal process is completed with enough time for bureaus to prepare the OMB request.

General Guidance on Funding Landscape

Treasury's FY 2001 budget formulation process, as envisioned in the report of last year's Budget Formulation Task Force, will attempt to elicit as much advance guidance as possible from the Secretary or Deputy Secretary. Our expectation is that this will improve both the process and its outcome:

1. Process: Bureau and Treasury budget stakeholders will more readily focus on the most efficient use of base and proposed enhancement resources. Bureaucratic activity previously expended on vetting a lengthy round of single-issue, open-ended proposals can instead be engaged in a more holistic analysis of budget activities and strategic/performance goals. Time expenditure for budget preparation should diminish. After enactment, bureau heads will be more empowered to manage resources within budget activities, as well as being held to greater accountability for achieving performance changes.
2. Outcome: Results Act emphasis on the resource-performance linkage at the budget activity or strategic goal level will be more credible and compelling, as funding options and consequences are explored, using historical data and available financial analysis tools. A performance budget picture will emerge, presenting a funding strategy of operational and investment costs.

The following is a listing of the minimum requirements for materials. Bureaus may provide additional justification material to support the budget request if warranted. **A 3.5" diskette with the Word Perfect narrative and Lotus tables should be provided, along with a hard copy of these materials:**

A. Executive Budget Submission of FY 2001 Budget Estimates

The attached outline is a sketch (using several issues from a specific bureau) of the level of discussion desired. The bureau will provide a broad summary of the strategic context of its proposal, including mission, goals and major strategies and issues. The statement's purpose is to validate how existing and proposed resource levels are used, and to identify strategies for improving program results. The number of example types shown is intended to be "food for thought" and not to encourage length. In keeping with the intent of the Task Force recommendations, the expectation is that this narrative, from start to finish, will be brief and to the point, both in terms of strategy and expected results.

The sections of this sample document titled "Management Processes" and "Planning Assumptions for Request" can be considered discretionary. Depending on the issues, some bureaus may note a redundancy between the Planning Assumptions section and the "FY 2001 Request and Related Strategic Goals." In that case, emphasis should be placed on the latter.

For the section entitled “FY 2001 Request and Related Strategic Goals,” some bureaus may prefer to address their strategic context within established or proposed budget activities rather than strategic goals. In that case, the lead-in example on page 6 entitled “Bureau Strategic Goal #1” would instead be titled “Bureau Budget Activity: [name of budget activity], with a discussion about performance goals and changes, and related resource requirements, for that budget activity, and their relationship to strategic goals. This same section should have cross references to the resource requirements indicated on relevant Exhibits C-2 that are being proposed (below). In effect, this becomes the core section of the budget, with the C-2 exhibits being regarded as supplemental, rather than stand-alone, and only making programmatic sense as an integrated whole within this strategic context.

The “Base Profile” section is intended to justify any atypical cost increases encountered because of pressures other than inflation or statutory pay increases. Examples might include increased work complexity requiring higher graded positions, or changes in health benefit demands. Besides explaining these cost drivers, the narrative justification should include sufficient historical information on difficult financial plan choices that had to be made in prior years (e.g., reduced vehicle purchases to pay for integrity training), or changes in the external operating environment (e.g., increased security risk factors), that ultimately caused the shortfalls.

B. (Intentionally omitted for historical reasons)

C. Resource Data by Appropriation

This section requires a detailed explanation and justification of proposed increases and decreases to the bureau's base.

Exhibit C-1: Summary of Proposed Resource Changes by Appropriation/Activity

Instructions are included on the sample exhibit. Bureaus will develop the baseline, including the lines listed on the sample.

As noted on the sample, the MCL increase at this point in time should be handled in simple fashion: Using MAX current services data for each account, determine the percent change between FY 2000 and FY 2001. Apply that same percent change to the FY 2000 President's Budget, without regard to adjustments for expenditures not recurring in FY2001. The result will be your MCL placeholder amount.

Bureaus should identify any other relevant base reductions and increases specified on the sample exhibit, based on the FY 2000 President's Budget. Clearly indicate any changes in plan that would impact the base.

The C-1 is an audit trail, oriented to key budget policy issues presented in the FY 2000 President's Budget and in your FY 2001 proposal. As such, it should reflect financial plan modifications required for FY 2000 operations that change the mix of labor and non-labor resources under the total funding assumptions of the President's Budget. (Later iterations of Exhibit C-1 used for the OMB Budget may include the effect of enacted or realized Congressional action for FY 2000, followed by financial plan changes necessary to

accommodate Congressional action within other emerging operations issues.) For FY 2001, the C-1 should reflect proposed current services and program changes

Exhibit C-2: Resource Change Explanation

Justifications of single-issue resource enhancements (i.e., program initiatives) for narrowly targeted program operations is being de-emphasized. Exhibits C-2 should support performance goals of whole budget activities or strategic plan goals. This is consistent with the budget activity orientation of the Government Performance and Results Act. As noted in the transmittal memorandum to these instructions as well as in Section A above, Exhibit C-2 is being restricted to tabular data indicating the cost of the performance changes attributable to the initiative. The performance context of the initiative should be presented within the narrative section, "FY 2001 Request and Related Strategic Goals." Bureaus should also take the opportunity to explain why the program increase might not produce an increase in measurable results in the budget year (e.g., recruitment and training requirements or other external variables), and to project in which future year such results over current performance will be recordable. Capital investment initiatives will still require significantly detailed explanation and justification using documentation that satisfies the information requirements of a Capital Investment Business Case Template (discussed below).

The **Bureau of Engraving and Printing, the U.S. Mint, and Treasury Franchise Activities** should submit business-type schedules, in lieu of an Exhibit C-1. The Exhibit A-2(e) along with the required supporting business case should be provided to further justify your capital improvement programs for equipment modernization, building expansion, or new facilities.